

Herbert Simon Rationalistic Theory of Decision Making

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ARTICLE INFO

Article History:

Accepted: 05 June 2023

Published: 29 June 2023

Publication Issue

Volume 10, Issue 3

May-June-2023

Page Number

1117-1120

ABSTRACT

As Public Administration has gained importance in the modern times, so has been the case of behaviour of administrators. Main contribution of Herbert Simon is that his views over administrative behaviour has gained worldwide recognition. His contribution is noteworthy in developing rationalistic theory of decision making. He focused on the decision-making capacity in Administration by pointing out three steps in decision making process. Simon insisted upon 'rationality' in the decision-making process. Herbert Simon was awarded the Nobel Prize for Economics in 1978.

Keywords: Nobel Prize for Economics, Theory of Decision Making

I. INTRODUCTION

Max Weber & Herbert Simon had valuable contribution in the field of Administration/Bureaucracy. Max Weber had described the anatomy of organisation & Herbert Simon had described its physiology.

Herbert Simon's most valued contribution to administrative thought is his focus on decision making. He proposed a new concept of administration which is based upon purely factual statements in administrative science. That is why he calls traditional concept of Administration as proverbs & myths. His concept of decision making becomes the core of administrative action.¹

Decision making is synonymous with management. He calls decision making as the heart of the organization. 'Decision making is the' Vocabulary of

administrative theory which should be derived from logic & psychology of human choice.²

According to Simon, an organization is a structure created for decision making. Decisions are made at all the levels of organization. Every decision may affect less or more members within the organization. Each decision, is based upon number of premises. The task of 'deciding' pervades the entire administrative organisation, quite as much as does the task of 'doing' indeed, it is integrally tied up with the latter.³

Three stages in the decision-making process:

Simon divides the decision-making process into three phases-⁴

- i) The first phase, he calls, intelligence activity. The head of the organisation tries to understand organizational environment in which decisions have to be taken. Intelligence activity is finding

occasions to take decisions.

- ii) The second phase, he calls, is design activity. A head of the organisation tries to identify all possible options before making a final decision. This involves time & energy of the head to think over the best possible alternative.
- iii) The third phase, he calls, is choice activity. Finally a head chooses one of the selected options, which becomes a decision.

Though these three stages are described by Simon, he says that these phases may appear to be simple & one precedes the other, in practice, the sequence is more complex, than what it appears to be. These three phases are wheels within wheels. These three phases are closely related to the problem solving - what is the problem, what are the alternatives & which alternative is the best?⁵

Decision making is thus, a choice between alternative plans of action & choice in turn, involves facts & values. To him, every decision consists of a logical combination of fact & value propositions. A fact is a statement of reality indicating the existing deed or action. Whereas a value is an expression of preference. He insists upon making analysis of ethical & factual statements that remain present in a 'decision'. Every decision, thus is a mixture of fact & value.⁶

On the basis of this premises, Simon views organization as a 'hierarchy of decisions' - 'a complex network of decision processes.' Every decision involves the selection of a goal & a behavior relevant to it, till the final aim is reached. Thus, decision making involves close interrelationship between facts & values.

In order to achieve a balance between facts & values, Simon proposes that every decision has to have rationality. Every decision must be rational.⁷

II. Rationality in Decision Making

Simon spoke on the dynamics of decision on a different plane - the plane of rationality. He emphasizes upon being rational in decision making. Rationality is defined in terms of 'appropriateness for the accomplishment of specific goals.' He focused on the rational part of decision. Every decision is a combination of reason (rationality) & emotion. Simon gives importance to reason rather than emotion. A head faces number of constraints while making decision. It is because, while taking a decision, a head has to think, of all possible consequences, affecting political culture & values of society. He explains rationality in terms of means - end construct. 'If appropriate means are adopted to reach desired ends, the decision is rational.' In brief, rationality is making 'an administrative man.'⁸

Simon is aware that, reaching rationality itself is a difficult process, due to number of factors involved in it. So he has suggested different types of rationality. A Decision may be -

- a) Objectively rational, where preference is given to values.
- b) Subjectively rational, where decision maximises attainment relative to knowledge of the subject.
- c) Consciously rational where adjustment between means & end is made.
- d) deliberately rational where adjustment is deliberately made.
- e) Organizationally rational where it reaches organizational goals.
- f) Personally rational, where decision reaches individual goals.⁹

Simon never agreed to the concept of total rationality. It is because no individual behaviour can be totally rational or totally irrational. Simon therefore, described human behaviour in an organization as, 'intendedly rational' Complete or total rationality is not possible because of -

- a) incomplete knowledge of the problem, alternatives & consequences. Simon called it as 'bounded rationality'

- b) individuals cannot be completely standardized, having, as they do, multiple, even unranked, preferences.

So, Simon calls rationality in terms of satisfying which involves the choice of course of action which is 'satisfactory' or at least good enough.

Simon was also aware about the limitations of the concept of rationality. The following features stand in the way of rational decision making -

- i) Multiplicity of problems, goals & policy commitments.
- ii) Inadequate information about the variety of acceptable goals.
- iii) The personal limitation of a decision maker, in capacity, commitment & goals.
- iv) Structural difficulties within organisation.¹⁰

Herbert Simon on Administrative Behaviour :

While dilating on the process of decision - making, Simon rejected rational, economic man & replaced him by a more realistic, administrative man. He proposed an idea of administrative man. The behaviour of the administrative man, in the organization, is conditioned by organizational culture. The administrator is conditioned by organizational culture. The administrator has to comply with established rules & regulations & follow prescribed course of action. Such a man is called 'organizational man' Herbert Simon's administrative man tries to rationalize man.¹¹

The behaviour of organizational man is subject to two types of influences - internal & external. Internal influence involves attitudes, habits & temperaments, which leads him to reach the desired decisions. Internal factors also include loyalty, concern with efficiency & training. External factors involve authority, advisory & informational services.

Programmed & non-programmed activities in an organization

Simon is fascinated by the advent of electronic computers. He makes a distinction between programmed & non-programmed decisions. The electronic computer is making available to mankind new decision - making techniques which bring changes in white collar, executive & professional work making them 'as monotonous as those, the introduction of machinery has brought to manual jobs.'

Simon feels that the computer has the potential of revolutionizing organizational decision making. According to him repetitive & routine type of decisions can be programmed to the computers. Operations research, system analysis, quantitative data processing etc. can be given to the computers.

The non-programmed decisions help the higher-level authorities to devote their time for taking more efficient decisions, innovative ability, acquiring higher skills. The use of computers may increase rationality. In fact, Simon believes in the unlimited confidence in computer & management information systems. Computers command revolutionary capacity in the process of gathering & organizing information public administration enables, to cope with the ever-increasing complexity of public policies & programmes.¹²

Simon thus suggests maximum use of computers for rational decisions.

Principles of Administration

Logically, Simon cites some of the administrative principles:

- a) administrative efficiency is increased by a specialization of the task among the group.
- b) administrative efficiency is increased by arranging the members of the group in a determinate hierarchy, of authority
- c) administrative efficiency is increased by limiting the span of control at any point in the hierarchy to a small number.
- d) Administrative efficiency is increased by

grouping the workers, for purposes of control, according to (a) purpose (b) process (c) clientel (d)place.

Appraisal & Criticism Appraisal:

Simon focuses attention on the dynamics of decision-making processes & its role in organizations. His study provides a deep insight into administrative behaviour & the interaction between decision making processes & administrative behaviour found in organization. He Viewed organizational decisions, into three phases. Rationality in decision making is a combination of facts & value is a unique contribution of Simon. His administrative man & administrative behaviour focus upon administrative system.

Criticism:

Simon's idea of decision making mainly concerns with business administration rather than public administration. His decision-making theory is also criticized on the ground that though decision making process is an important variable in the organization, it is not the only factor. Decision making process involves many other factors, especially emotional, which Simon ignores. Simon's decision-making theory is too general.

Simon is also Criticized on his idea of administrative man and administrative behaviour. These dimensions differ from person to person & situation to situation. From this viewpoint, Administration cannot totally be regarded as value free science. Similarly, administrative systems do not bring similar role & similar consequences.

Rationality in decision making is also subject to criticism. Rationality, to Simon, meant a decision of 'Status quo', it is not dynamic.

III. Conclusion

Inspite of all the points of criticism, against Simon's decision-making theory, one understands the importance of decision making, in every walk of life. Simon's idea of rationality in decision making shows his deep insight of establishing close relationship between facts & values. His is a major contribution in

the evolution of administrative theory. His administrative man & organizational behaviour, has more concern are tested. No administrative thinker on Public Administration has written so widely on decision making as by Herbert Simon.

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Cite this article as :

Mazedur Rahman, "Herbert Simon Rationalistic Theory of Decision Making", International Journal of Scientific Research in Science and Technology (IJSRST), Online ISSN : 2395-602X, Print ISSN : 2395-6011, Volume 10 Issue 3, pp. 1117-1120, May-June 2023. Available at doi : <https://doi.org/10.32628/IJSRST523103184>
Journal URL : <https://ijsrst.com/IJSRST523103184>